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U.S. BANKRUPTCY COURT
N.D. OF ALABAMA

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ALABAMA
Southern Division**

In re:

SHOOK & FLETCHER INSULATION CO.

Debtor-in-Possession.

02 02771
Chapter 11

**MOTION FOR AUTHORITY TO MAINTAIN PRE-PETITION
BANK ACCOUNTS AND CASH MANAGEMENT SYSTEM**

Shook & Fletcher Insulation Co., the debtor and debtor-in-possession in this case ("Shook" or the "Debtor"), by counsel, hereby moves the Court for authority to maintain its pre-petition bank accounts and cash management system (the "Motion"), and in support thereof respectfully represents:

JURISDICTION AND VENUE

1. This Court has jurisdiction over this Motion pursuant 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding under 28 U.S.C. § 157(b). Venue of this proceeding and this Motion is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409.

2. The statutory basis for the relief requested herein is 11 U.S.C. § 105(a).

BACKGROUND

3. On April 8, 2002 (the "Petition Date"), Shook filed its voluntary petition under Chapter 11 of Title 11 of the United States Code (the "Bankruptcy Code"). The Debtor is authorized to continue to operate its business and manage its property as a debtor-in-possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code.

7

4. The Debtor incorporates by reference as if fully set forth herein the Declaration of Wayne W. Killion, Jr. In Support of Voluntary Petition and First Day Motions filed with this Court on the Petition Date.

RELIEF REQUESTED

5. By this Motion, the Debtor seeks authority to maintain its pre-petition bank accounts and existing cash management system, in order to continue without disruption its existing banking and lending arrangements and to permit it to pay pre-petition payroll and other payments authorized by the Court.

6. The Bankruptcy Administrator for this District typically requires that a debtor immediately close all existing bank accounts and establish new accounts as of the date of the filing of a petition, and further requires that a debtor-in-possession establish no other bank accounts without his permission. These requirements are designed to provide a demarcation between pre-petition and post-petition operations, and to prevent the payment of pre-petition claims through the payment of checks drawn prior to the filing of a petition. Additionally, it is anticipated that an Operating Order will be entered in this case to the same effect. To the extent that the relief requested herein is inconsistent with the provisions of the Operating Order, the Debtor asks the Court to modify the Operating Order, consistent with the relief requested in this Motion.

7. The Debtor desires to continue its existing bank accounts in place. The Debtor presently maintains nine bank accounts (collectively, the "Existing Accounts") including its general account, an account utilized in connection with Shook's Decatur, Alabama facility (the "Decatur Account"), and seven petty cash accounts. The Existing Accounts are identified in Exhibit A attached hereto. The general account includes all cash receipts and disbursements.

Disbursements are charged against the general account, and funds needed or excess funds are balanced against the Debtor's line of credit. The balance in the general account is reconciled to the Debtor's cash position statement daily, and any balance remaining at the end of each day is swept automatically to pay down the Debtor's line of credit with SouthTrust Bank ("SouthTrust").

8. The Decatur Account is used for payroll checks issued to the Debtor's Union Employees and to those of its Hourly Employees employed at its Decatur facility.¹ The other seven accounts are petty cash accounts, used solely for small disbursements. The Debtor would face significant expense and disruption if required to immediately and abruptly set up a new system of accounts, particularly the Decatur Account used for its hourly payroll disbursements. In order to avoid this burden and expense, the Debtor requests authority to continue the Existing Accounts to the extent described below.

9. The Debtor proposes to keep in place all Existing Accounts, which would remain open but would be designated as "Debtor-in-Possession" accounts. One of the concerns of the Bankruptcy Administrator is the avoidance of inadvertent payment of checks issued pre-petition. The Debtor separately seeks authority to pay pre-petition payroll and trade claims, and honor outstanding obligations; if such authority is granted, payment of such funds through the Existing Accounts will be the most efficient way to implement the payment of these necessary obligations, without disruption.

10. The Debtor also requests authority to maintain its pre-petition cash management system and the automatic sweep of funds to pay down its line of credit with SouthTrust. This system is important to SouthTrust, which has agreed to permit use of its cash collateral and to

¹ The payroll process for Shook's Union employees and for its Hourly Employees at its Decatur facility is described in the Debtor's Motion for Authority to Pay Pre-petition Wages and

provide post-petition financing to the Debtor and expects to continue to sweep the Debtor's accounts to repay any outstanding borrowings on a daily basis. Continuing this system in place will also minimize to the extent possible interest that may accrue on the SouthTrust loan.

**Continuation of the Existing Accounts and Cash Management System
is in the Best Interests of the Debtor, its Estate and its Creditors**

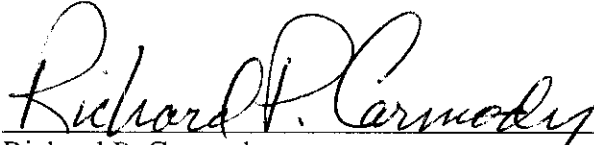
11. If forced to modify its Existing Accounts and cash management system, payment of the Debtor's post-petition obligations would be delayed and the business disrupted. Any delay in payments to employees or suppliers would impair the reorganization effort, because the continued support of employees and suppliers is vital to the Debtor's success in this Chapter 11 case. Attempting to replace the existing system with new post-petition accounts, in addition to being inefficient and time consuming, could jeopardize a smooth transition to operating in Chapter 11 as a debtor-in-possession.

12. Authorizing the Debtor to maintain its existing accounts and cash management system will not prejudice any party in interest. The Debtor's accounts are readily susceptible to oversight by the Court and the Bankruptcy Administrator. The Debtor will designate the accounts as DIP accounts. In addition, the Debtor will provide the Bankruptcy Administrator with appropriate records, statements, and summaries with respect to the Debtor's cash and bank accounts as the Bankruptcy Administrator requests. By maintaining the Existing Accounts, the Debtor will avoid unnecessary expense and burden, including the cost of printing new check stock, and will maintain continuity in its relationship with its key lender. Accordingly, maintaining the Debtor's Existing Accounts and cash management system as provided herein is in the best interests of the Debtor, its estate and its creditors.

Benefits to Employees, which is being filed contemporaneously with this Motion.

WHEREFORE, for these reasons, the Debtor requests that the Court enter an order (i) authorizing the Debtor to maintain its Existing Accounts and cash management system, and (ii) granting such other and further relief as the Court deems proper.

Respectfully requested,

A handwritten signature in cursive script, reading "Richard P. Carmody".

Richard P. Carmody
Joe A. Joseph
Lange, Simpson, Robinson & Sommerville, LLP
2100 3rd Avenue North, Suite 1100
Birmingham, AL 35203-3367
(205) 250-5000

Roger Frankel
Richard H. Wyron
Swidler Berlin Shereff Friedman, LLP
3000 K Street, N.W., Suite 300
Washington, D.C. 20007
Telephone: (202) 424-7500

Proposed Attorneys for Shook & Fletcher
Insulation Co., as Debtor and Debtor-in-Possession

Dated: April 8, 2002

EXHIBIT A

EXISTING ACCOUNTS

SHOOK & FLETCHER INSULATION CO
BANK ACCOUNTS

BANK NAME	DIVISION	TYPE OF ACCOUNT
SOUTHTRUST BANK P.O. BOX 2554 BIRMINGHAM, AL 35290	G&A	GENERAL ACCOUNT
SUNTRUST BANK - ATLANTA P.O. BOX 622227 ORLANDO, FL 32862-2227	ATLANTA	PETTY CASH
AMSOUTH BANK WOODLAWN OFFICE P.O. BOX 11007 BIRMINGHAM, AL 35288	BIRMINGHAM	PETTY CASH
SOUTHTRUST BANK 922 BELTLINE ROAD DECATUR, AL 35603	DECATUR	PAYROLL ONLY
AMSOUTH BANK P.O. BOX 1488 DECATUR, AL 35602	DECATUR	PETTY CASH NON - PAYROLL
COMPASS BANK P.O. BOX 10566 BIRMINGHAM, AL 35296	MOBILE	PETTY CASH
FIRST TENNESSEE 800 S GAY ST. KNOXVILLE, TN 37929	KNOXVILLE	PETTY CASH
SOUTHTRUST BANK 4740 LEBANON ROAD HERMITAGE, TN 37076	GALLATIN (HERMATIGE)	PETTY CASH
BANK OF AMERICA, N.A. P.O. BOX 25118 TAMPA, FL 33622-5118	CHATTANOOGA	PETTY CASH

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Case No. _____

Chapter 11

CERTIFICATE OF SERVICE

I hereby certify that on this 8th day of April, 2002, I caused a copy of the foregoing Motion for Authority to Maintain Pre-petition Bank Accounts and Cash Management System, and a proposed Order to be served upon the persons on the attached Service List in the manner indicated.



Shook & Fletcher Insulation Co.
Attachment to Certificate of Service

Bankruptcy Administrator

J. Thomas Corbett, Esq.*
Office of the Bankruptcy Administrator
United States Bankruptcy Court
Robert South Vance Federal Building
1800 5th Avenue North
Birmingham, AL 35203

Futures Representative

R. Scott Williams, Esq.*
Haskell Slaughter Young & Rediker, L.L.C.
1200 AmSouth/Harbert Plaza
1901 Sixth Avenue North
Birmingham, AL 35203

Futures Representative's Counsel

Robert M. Fishman, Esq.
Shaw Gussis Fishman Glantz & Wolfson, LLC
1144 West Fulton Street, Suite 200
Chicago, IL 60607

Unofficial Committee of Asbestos Claimants

Bryan Blevins, Esq.
Provost & Umphrey Law Firm L.L.P.
490 Park Street
P.O. Box 4905
Beaumont, TX 77704

James L. Ferraro, Esq.
Kelly & Ferraro, LLP
1300 East Ninth Street, Suite 1901
Cleveland, OH 44114

David O. McCormick, Esq.
Cumbest, Cumbest, Hunter & McCormick, P.A.
P.O. Drawer 1287
708 Watts Avenue
Pascagoula, MS 39568-1287

Joseph F. Rice, Esq.
Ness Motley Loadholt Richardson & Poole, PC
28 Bridgeside Boulevard
Mount Pleasant, SC 29464

Jeffrey Varas, Esq.
Varas & Moran
119 Caldwell Drive
Hazlehurst, MS 39083

Counsel for SouthTrust Bank

David S. Maxey, Esq.*
Spain & Gillon LLC
The Zinszer Building
2117 2nd Avenue North
Birmingham, AL 35203

AmSouth Bank

John Ketting, Loan Officer*
AmSouth Bank of Alabama
Main Office Birmingham
1900 – 5th Avenue North
Birmingham, AL 35203

Counsel for Shook & Fletcher Supply Co.

Donald M. Wright*
Sirote & Permutt, P.C.
2311 Highland Avenue South
Birmingham, AL 35205

Counsel for Additional Parties-in-Interest

John P. Whittington, Esq.*
Lloyd C. Peeples, III, Esq.
Bradley Arant Rose & White LLP
2001 Park Place, Suite 1400
Birmingham, AL 35203-2736
Counsel for the Shareholders

William J. Bowman, Esq.
Hogan & Hartson
555 13th Street, N.W.
Washington, DC 20004-1109
Counsel for Hartford Insurance Co.

William R. Hanlon, Esq.
Franklin D. Kramer, Esq.
Shea & Gardner
1800 Massachusetts Avenue, NW
Washington, DC 20036
Counsel for CCR

Michael P. Richman, Esq.
Mayer, Brown, Rowe & Maw
1675 Broadway
New York, NY 10019-5820
Counsel for CCR

W. Clark Watson, Esq.*
Eric T. Ray, Esq.
Balch & Bingham LLP
1710 Sixth Avenue North
Birmingham, AL 35201-0306
Counsel for Travelers Casualty and Surety Company

* Parties designated with an asterisk were served by hand-delivery. All other parties were served by overnight mail.